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RUCNDT/USMISSION USUN NEW YORK PRIORITY 0181
RUEHBS/USEU BRUSSELS PRIORITY
RUEHVEN/USMISSION USOSCE PRIORITY 0485

C O N F I D E N T I A L SECTION 01 OF 03 BAKU 001433

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DEPT FOR EUR/CARC

E.O. 12958: DECL: 09/27/2016

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SUBJECT: FINNISH AMBASSADOR TERHI HAKALA DISCUSSES THE EU'S
RELATIONS WITH AZERBAIJAN

REF: BAKU 01086

Classified By: Acting DCM Joan Polaschik for reasons 1.4 b and d.

¶1. (C) SUMMARY: Finnish Ambassador Terhi Hakala met with the Ambassador on September 22 to discuss Azerbaijan's European Neighborhood Policy (ENP) Action Plan. The EU Commission has approved the plan, and the EU Troika will visit Baku on October 3. Hakala said negotiating the agreement was sometimes difficult because of Azerbaijan's ties with the Turkish Republic of Northern Cyprus (TRNC), Baku's attempt to amend the agreement's text on Nagorno-Karabakh, and the disagreement over the need to make an explicit reference to this summer's fires in NK. Hakala said that the GOAJ's negotiating behavior was driven by Baku's perception that its leverage with the EU is growing, a conspiratorial fear that EU states and Russia are predisposed to favor Armenia, a limited understanding of working with the EU, and failing to anticipate how their ties with the TRNC would impact their EU relations. Hakala commented that the GOAJ has a "campaign" to find an alternative forum for resolving the NK conflict apart from the Minsk Group. Hakala and the Ambassador affirmed the need for US-EU policy and aid coordination in Azerbaijan. END SUMMARY.

EU GREEN LIGHT ON ACTION PLAN

¶2. (C) Terhi Hakala, Finland's roving ambassador to the South Caucasus states, met with the Ambassador on September 22 to discuss Azerbaijan's European Neighborhood Policy (ENP) Action Plan. Hakala said the European Commission approved Azerbaijan's Action Plan in July. As Finland holds the EU's presidency, Hakala was in Baku to prepare for a potential Troika visit to Baku, Tblisi, and Yerevan during the week of October 2. While several details need to be clarified before a Troika visit, Hakala was optimistic that the Troika would come to Baku on October 3 to announce an agreement on the Action Plan.

¶3. (C) After a Troika visit, the Action Plan would need to be signed during a meeting of the EU Cooperation Council. Hakala was hopeful that this would occur during the Cooperation Council's next meeting in November. She added that President Aliyev has expressed his desire to come to Brussels for the signing ceremony. The Action Plan would be made public after the signing.

LOW EXPECTATIONS FOR THE ENERGY MOU

¶4. (C) Hakala downplayed the substantive importance of the Memorandum of Understanding on EU-Azerbaijani energy cooperation, which the EU wants to accompany Azerbaijan's Action plan. Characterizing the MOU as "mostly political," Hakala said it had "no practical results." She proceeded to explain that the agreement is largely intended as a political signal by the EU that it is engaged on the issue of Caspian energy.

THE NEGOTIATIONS WEREN'T FREE OF OBSTACLES

¶5. (C) Hakala briefed the Ambassador on several challenges the EU faced in negotiating Azerbaijan's Action Plan. First, the GOAJ's relations with the Turkish Republic of Northern Cyprus (TRNC) created a one year delay. In particular, the GOAJ's willingness to permit the August 2005 charter flight between Baku and the TRNC created complications, with Nicosia trying to delay Azerbaijan's Action Plan.

¶6. (C) Second, the GOAJ and GOAM in April 2006 sought to incorporate language into their Action Plans that selectively cited UN and OSCE statements favoring their respective positions on the Nagorno-Karabakh conflict. Azerbaijan wanted to include language supporting the principle of territorial integrity, while Armenia sought to include language backing the right of self-determination.

¶7. (C) Third, in July 2006, the GOAJ sought to incorporate

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language that characterized the summer fires in Nagorno-Karabakh as an environmental catastrophe. The GOAJ wanted to link its efforts to put the fires on the UNGA agenda with its Action Plan. Hakala said the EU plainly told the GOAJ that there was no link between the two issues and would not amend their Action Plan. The EU Commission in July approved the Action Plan.

AZERBAIJANI NEGOTIATING TACTICS

¶8. (C) Hakala cited four reasons for the GOAJ's attempt to introduce changes to the Action Plan. First, Azerbaijan increasingly perceives itself to be in a stronger negotiating position with the EU because of the latter's desire for alternative gas sources. Hakala noted that at one point, the GOAJ threatened to abandon the MOU on energy cooperation. Signaling some frustration, Hakala remarked that this tactic was the "typical" Azerbaijani negotiating style, specifically "to get something and then to ask for something more." Second, Azerbaijan holds a "conspiratorial" view that France, other unspecified European states, and Russia favor Armenia on a variety of issues, including a Nagorno-Karabakh settlement. Third, the GOAJ has a limited understanding of how to work with the EU. Hakala provided the example of the Azerbaijani ambassador to the EU, Arif Mammadarov, who she characterized as not having a "good grasp of how to deliver messages to the EU." Finally, Azerbaijan did not initially understand how permitting flights to the TRNC would negatively impact progress on its Action Plan. Hakala admitted, however, that she didn't completely understand why the GOAJ pushed so hard to make changes to the Action Plan, particularly in July. (NOTE: UK Ambassador told the Ambassador in confidence that Azerbaijan had learned that the EU Commission representation negotiating the Armenian Action Plan had agreed to stronger language on self determination. As a result, the GOAJ pushed for changes in Azerbaijan's Action Plan.)

¶9. (C) Hakala commented that these four factors also have informed the GOAJ's evolving approach toward the Minsk Group process. Hakala referred to an Azerbaijani "campaign" to seek an alternative forum for resolving the NK conflict apart from the OSCE Minsk Group. This campaign includes publicly attacking OSCE representative Andrzej Kasprzyk and publicly threatening to give up on the Minsk process. (Note: Azerbaijani Foreign Minister Elmar Mammadyarov and Deputy Foreign Minister Araz Azimov have both recently supported the idea of discussing the NK conflict in other international organizations--including the UN--according to local press.) Hakala suggested that Azimov might be pushing Mammadyarov to seek a different forum for resolving the conflict.

NOT LOOKING TO GEORGIA AS TEMPLATE FOR RESOLVING NK

¶10. (C) Turning to the resolution of frozen conflicts in the former Soviet space, Hakala commented that she does not think the GOAJ is looking to Georgia as an example for trying to get the EU to increase pressure on Russia. She said that Baku considers Tbilisi's approach to be "too precipitous." Illham Aliyev and Mikhail Saakashvili's relations are also problematic because of personality differences. Additionally, Baku "has great relations with Russia," relative to Tbilisi.

US-EU COOPERATION INTEGRAL

¶11. (C) The Ambassador and Hakala agreed on the confluence of US-EU goals in Azerbaijan. Hakala noted that US-EU coordination is important so that the GOAJ is not able to exploit perceived differences between the two partners' policies or aid programs. Hakala was open to the Ambassador's suggestion to brief the "Revenue Management Group"--a group of western embassies and the IFI's--on the EU's assistance programs for Azerbaijan.

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¶12. (C) Hakala opined that the EU "to some extent has failed to clarify its role in the south Caucasus." She noted the European Commission office probably would not open until the end of 2007. (Note: Per reftel, EU Special Representative to the South Caucasus Peter Semneby was hopeful that the Commission office would open in early 2007. The Ambassador clarified this point with Hakala, who reiterated that the office's opening was delayed because of funding.)

¶13. (C) COMMENT: A potential EU Troika visit to Baku would be a clear signal to the GOAJ and surrounding countries that the EU is committed to deeper engagement with a region it has long neglected, and therefore a positive step forward in what has been an extended negotiation process over Azerbaijan's Action Plan. A more robust EU presence in Azerbaijan would enhance US-EU cooperation in Baku and help advance our common interests.

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